

Subsidy Calculations for a Sample Net Metered Customer

Assumptions:

Customer's total annual electricity consumption: 5,000 kWh

Customer's total annual solar power production: 5,000 kWh

Amount of power produced onsite and consumed simultaneously: 2,500 kWh

Retail electricity price: \$0.10/kWh

Wholesale electricity price (retail rate minus transmission and distribution charge): \$0.06/kWh

Current Net Metering Law:

- Net metered customer produces as much power as he consumes in the course of a year, so he pays nothing beyond the \$5/month delivery service charge.
- Utility provides 2,500 kWh to net metered customer, with a total retail value of \$250.
- Net metered customer generates 2,500 kWh excess, which flows to the net metered customer's neighbor (or neighbors), who pay(s) the utility the full retail value of \$250.
- **Utility is whole. Net metered customer is not subsidized.**



SB 226:

- Customer pays 2,500 kWh x 10 cents/kWh = \$250
- Customer is credited 2,500 kWh x 6 cents/kWh = \$150
- Neighbor still receives 2,500 kWh of excess generation from net metered customer; pays utility total retail value of \$250.
- Utility receives a total of \$350 for providing 2,500 kWh (worth \$250).
- **Utility overcharges net metered customer by \$100.**

